

**McGladrey & Pullen**

Certified Public Accountants

**CITY OF HARTFORD, CONNECTICUT**

**FEDERAL AND STATE FINANCIAL AND COMPLIANCE REPORTS  
YEAR ENDED JUNE 30, 2009**

# **CITY OF HARTFORD, CONNECTICUT**

## **FEDERAL AND STATE FINANCIAL AND COMPLIANCE REPORTS**

### **TABLE OF CONTENTS**

---

#### **REPORTS REQUIRED BY THE FEDERAL SINGLE AUDIT ACT AND OMB CIRCULAR**

##### **A-133**

Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program, on Internal Control Over Compliance in Accordance with OMB Circular A-133 and on the Schedule of Expenditures of Federal Awards .....	1-2
Schedule of Expenditures of Federal Awards .....	3-6
Notes to Schedule of Expenditures of Federal Awards.....	7
Schedule of Findings and Questioned Costs.....	8-13
Summary of Prior Year Audit Findings .....	14

---

#### **REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards.....	15-16
---	-------

#### **REPORTS REQUIRED BY THE STATE SINGLE AUDIT ACT C.G.S. SECTION 4-230 TO**

##### **4-236**

Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program, on Internal Control Over Compliance in Accordance with the State Single Audit Act and on the Schedule of Expenditures of State Financial Assistance .....	17-19
Schedule of Expenditures of State Financial Assistance .....	20-23
Notes to Schedule of Expenditures of State Financial Assistance.....	24
Schedule of State Single Audit Compliance Findings and Questioned Costs.....	25-26

---

# McGladrey & Pullen

Certified Public Accountants

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

To the Honorable Mayor and Members  
of the Court of Common Council  
City of Hartford, Connecticut

### **COMPLIANCE**

We have audited the compliance of the City of Hartford, Connecticut (the "City") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. The City of Hartford, Connecticut's major federal programs are identified in the summary of independent auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Hartford, Connecticut's management. Our responsibility is to express an opinion on the City of Hartford, Connecticut's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Hartford, Connecticut's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Hartford, Connecticut's compliance with those requirements.

In our opinion, the City of Hartford, Connecticut complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

## **INTERNAL CONTROL OVER COMPLIANCE**

The management of the City of Hartford, Connecticut is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Hartford, Connecticut's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but, not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Hartford, Connecticut's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency or a combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by an entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

## **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hartford, Connecticut as of and for the year ended June 30, 2009, and have issued our report thereon dated February 25, 2010. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Hartford's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the management, the Mayor and Members of the Court of Common Council, the Board of Education and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*McGladrey & Pullen, LLP*

New Haven, Connecticut  
February 25, 2010

## CITY OF HARTFORD, CONNECTICUT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2009

Federal Grantor Pass-Through Grantor Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor's Number	Federal Expenditures
<b>U.S. Department of Agriculture</b>			
<b>Passed through the State of Connecticut</b>			
<b>Department of Administrative Services:</b>			
Food Donation - Non-cash	10.555	N/A	\$ 592,368
<b>Passed through the State of Connecticut</b>			
<b>Department of Education:</b>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	12060-SDE64370-20508	1,937,702
National School Lunch Program	10.555	12060-SDE64370-20560	7,502,820
Summer Food Service Program for Children	10.559	12060-SDE64370-20548	272,734
			<u>9,713,256</u>
Child and Adult Care Food Program	10.558	12060-SDE64370-20518	<u>101,942</u>
WIC Farmers' Market Nutrition Program	10.572	12060-DAG42710-20736	<u>3,328</u>
Special Supplemental Nutrition Program for Women, Infants and Children - Noncash	10.557	12060-DPH48872-20892	<u>1,114,654</u>
<b>Total U.S. Department of Agriculture</b>			<u>11,525,548</u>
<b>U.S. Department of Education</b>			
<b>Direct Programs:</b>			
Teaching American History	84.215	N/A	216,268
Smaller Learning Communities	84.215	N/A	475,935
			<u>692,203</u>
<b>Passed through the State of Connecticut</b>			
<b>Department of Education:</b>			
Title I Programs - Local Educational Agencies	84.010	12060-SDE64370-20679	17,788,986
Carl Perkins Vocational and Technical Education - Basic Grants to State	84.048	12060-SDE64370-20742	610,079
IDEA, Part B	84.173	12060-SDE64370-20983	205,413
Title IV - Drug-Free Schools and Communities - State Grants	84.186	12060-SDE64370-20873	237,415
Title V - Innovative Educational Strategies	84.298	12060-SDE64370-20909	6,136
Title II, Part D - Enhancing Education Through Technology	84.318	12060-SDE64370-20826	42,471
Title III, Part A - English Language	84.365	12060-SDE64370-20868	484,762
Title II, Improving Teacher Quality	84.367	12060-SDE64370-20858	2,008,971
IDEA	84.027	12060-SDE64370-20977	5,920,319

(Continued)

N/A = Not Available  
See Notes to Schedule.

## CITY OF HARTFORD, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued  
For the Year Ended June 30, 2009

Federal Grantor Pass-Through Grantor Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor's Number	Federal Expenditures
<b>U.S. Department of Education, Continued</b>			
<b>Passed through the State of Connecticut</b>			
<b>Department of Education, Continued:</b>			
School Improvement-1003(g)	84.377	12060-XCD64370-22223	121,475
Education of Homeless Children and Youth	84.196A	12060-SDE64370-20770	50,310
Adult Education	84.002	12060-SDE64370-20784	116,891
Reading First	84.357	12060-SDE64370-20854	1,018,265
Investing and Personal Finance Education	84.013	12060-SDE64370-35358	29,425
			<u>28,640,918</u>
<b>Total U.S. Department of Education</b>			<u>29,333,121</u>
<b>U.S. Department of Health and Human Services</b>			
<b>Direct Programs:</b>			
HIV Emergency Relief Project Grants	93.914	N/A	3,929,570
Metro-Hartford HIV Prevention Coalition	93.243	N/A	435,510
			<u>4,365,080</u>
<b>Passed through the State of Connecticut</b>			
<b>Department of Public Health:</b>			
Childhood Lead Poisoning Prevention Projects	93.137	12060-DPH48766-20995	124,098
Immunization Grants	93.268	12060-DPH48664-20911	167,249
Center for Disease Control and Prevention - Investigations and Technical Assistance	93.283	12060-DPH48557-21096	248,388
HIV Prevention Activities - Health Department Based	93.940	12060-DPH48852-20920	487
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	12060-DPH48665-20908	90,972
Preventive Health and Health Services Block Grant	93.991	12060-DPH48558-21530	35,312
			<u>666,506</u>
<b>Passed through the State of Connecticut</b>			
<b>Department of Social Services:</b>			
Evidence Based Prevention	93.048	12060-DSS60782-22173	4,985
Social Services Block Grant	93.667	12060-DSS60794-20699	1,269,804
			<u>1,274,789</u>
<b>Passed through the Massachusetts</b>			
<b>Department of Public Health</b>			
Center for Disease Control Grant	93.997	12060-DPH48665-20908	100,269
<b>Total U.S. Department of Health and Human Services</b>			<u>6,406,644</u>

(Continued)

N/A = Not Available  
See Notes to Schedule.

## CITY OF HARTFORD, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued  
For the Year Ended June 30, 2009

Federal Grantor Pass-Through Grantor Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor's Number	Federal Expenditures
<b>U.S. Department of Homeland Security</b>			
<b>Passed through the State of Connecticut Department of</b>			
<b>Emergency Management and Homeland Security:</b>			
Emergency Management Performance Grants	97.042	12060-EHS99660-21881	3,017
State Homeland Security SHS	97.073	12060-EHS99530-21877	30,000
Law Enforcement Terrorism Prevention Program	97.074	12060-EHS99530-21879	15,000
			<u>48,017</u>
<b>Passed through the United Way:</b>			
Emergency Food and Shelter National Board program	97.024	N/A	<u>93,505</u>
<b>Total U.S. Department of Homeland Security</b>			<u>141,522</u>
<b>U.S. Department of Housing and Urban Development</b>			
<b>Direct Programs:</b>			
Section 8 Project Cluster:			
Lead Hazard Reduction	14.856	N/A	2,848,584
Lower Income Housing Assistance	14.856	N/A	1,828,324
CDBG - Entitlement and Small Cities Cluster:			
Community Development Block Grant/Entitlement	14.218	N/A	5,108,426
HUD Section 108 Loan and Grant	14.218	N/A	1,579,983
Emergency Shelter Grants Program	14.231	N/A	191,443
Home Investment Partnership Program	14.239	N/A	1,979,851
Housing Opportunities for Persons with AIDS	14.241	N/A	1,250,749
Community Development Block Grants/Brownfields Initiatives	14.246	N/A	240,000
Section 8 Housing Choice Vouchers	14.871	N/A	40,752,801
Park Streetscape Phase II	14.224	N/A	245,556
Parkville Municipal Development	14.224	N/A	32,664
<b>Total U.S. Department of Housing and Urban Development</b>			<u>56,058,381</u>
<b>U.S. Department of Justice</b>			
<b>Direct Programs:</b>			
Smart Sex Offender Management Grant	N/A	N/A	132,093
Project Safe Neighborhood	N/A	N/A	25,791
JAG Grant	16.737	N/A	71,371
FBI Safe Streets	16.595	N/A	54,089
Hartford Resident Office DEA	16.595	N/A	16,253
Weed and Seed	16.595	N/A	182,574
Federal Seized and Forfeited Property Fund	N/A	N/A	61,061

(Continued)

## CITY OF HARTFORD, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued  
For the Year Ended June 30, 2009

Federal Grantor Pass-Through Grantor Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor's Number	Federal Expenditures
<b>U.S. Department of Justice, Continued</b>			
<b>Direct Programs, Continued:</b>			
Street Smart to Bus Smarts OJJDP	N/A	NA	101,331
Cops 2008 Technology Grant	N/A	NA	92,910
<b>Total U.S. Department of Justice</b>			<u>737,473</u>
<b>U.S. Department of Transportation</b>			
<b>Passed through the State of Connecticut</b>			
<b>Department of Transportation:</b>			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	12062-DOT57141-22108	<u>3,883,474</u>
Highway Safety Cluster:			
Alcohol Traffic Safety and Drunk Driving	20.601	12062-DOT57513-22091	93,777
Occupant Protection	20.602	12062-DOT57513-22087	20,151
			<u>113,928</u>
<b>Total U.S. Department of Transportation</b>			<u>3,997,402</u>
<b>Elections Assistance Commission</b>			
<b>Passed through the Connecticut Secretary of State:</b>			
Help America Vote Act	90.401	12060-SOS12500-21465	<u>202,436</u>
<b>Total Federal Awards Expended</b>			<u>\$ 108,402,527</u>

N/A = Not Available  
See Notes to Schedule.



CITY OF HARTFORD, CONNECTICUT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2009

---

**Note 1. Basis of Presentation.**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Hartford and is presented on the modified accrual/accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profits Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Note 2. Non-Cash Awards**

U.S.D.A. Contributions – Non-cash

The United States Department of Agriculture makes available commodities for donations to schools. The amount of \$592,368 represents the market value of such commodities used during the period.

WIC Food Payments - Noncash

The United States Department of Agriculture makes noncash distributions of food vouchers for WIC. The amount of \$1,114,654 represents the market value of such vouchers used during this period.

**Note 3. Housing and Urban Development (HUD) Section 108 Loans**

The City has entered into three Federal HUD Section 108 loans.

	June 30, 2008	Issued	Retired	June 30, 2009
Burgdorff/Fleet Health Center	\$ 1,375,000	\$ -	\$ -	\$ 1,375,000
Neighborhood Mall	1,470,000	-	1,470,000	-
Front Street	-	1,103,000	-	1,103,000
Total Section 108 Loans	\$ 2,845,000	\$ 1,103,000	\$ 1,470,000	\$ 2,478,000

CITY OF HARTFORD, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2009

---

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: unqualified

Internal Control over Financial Reporting

- Material weakness(es) identified?   X   Yes        No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?   X   Yes        None reported
- Noncompliance material to financial statements?        Yes   X   No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?        Yes   X   No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?        Yes   X   None reported

Type of auditor's report issued on compliance for major programs: unqualified

- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?        Yes   X   No

Identification of Major Programs

CFDA Numbers	Name of Federal Program or Cluster
14.871	Section 8 Housing Choice Vouchers
84.010	Title I Programs
84.367	Title II – Improving Teacher Quality
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between type A and type B programs

\$3,252,000

Auditee qualified as low-risk auditee?        Yes   X   No

CITY OF HARTFORD, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued  
For the Year Ended June 30, 2009

---

II. FINANCIAL STATEMENT FINDINGS

A. Internal Control

SDIC09-1. Criteria:

The City's tax office should have proper policies in place to reconcile between the general ledger and the tax system.

Condition:

There is no tax collector's report that is prepared during the fiscal year. In addition, there is no monthly process to reconcile between tax and general ledger accounts. The reports are all done at year-end. We also noted that when the City had a tax lien sale during the year, the receivables were not timely removed from the tax system.

Context:

Systemic in nature.

Cause:

During fiscal year 2009, the City converted to the new MUNIS general ledger system which was integrated with the existing MUNIS tax system during the year. Reconciliation policies and procedures regarding the system conversion have not been fully implemented.

Recommendation:

Policies and procedures should be adhered to that will provide guidance on the standard reports and reconciliations that should be prepared monthly and annually. For instance, a tax collectors report should be prepared monthly which would then assist in the reconciliation between the tax system, and the general ledger on a monthly basis. This will allow the City to find inconsistencies as they occur and address them timely.

SDIC09-2. Criteria:

Bank account reconciliation procedures should be adhered to that result in the resolution and approval of reconciling amounts in a timely manner.

CITY OF HARTFORD, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued  
For the Year Ended June 30, 2009

---

Condition:

Bank reconciliations were performed throughout the year, but reconciling items were not addressed until the end of the year. This left a number of significant items to be investigated at year-end which caused the City to spend an excessive amount time after year end.

Context:

Systemic in nature.

Cause:

During 2009, the City converted to a new general ledger system and a system of pooled cash.

Effect:

Reconciled cash balances did not equal cash balances as reported in the general ledger.

Recommendation:

We recommend that reconciling items be followed up on timely and issues be resolved as they occur. This will reduce the significant reconciliation process at year-end.

**SDIC09-3.** Criteria:

In order to record, reconcile and depreciate the City's capital assets, a system needs to be in place in which capital asset transactions are properly recorded on a timely basis.

Condition:

The City's capital asset ledger was not properly maintained during the year. The City had to undergo a significant reconciliation process at year-end to properly identify assets in the adequate categories and depreciate. In addition, even though assets were in use, they were still being maintained in construction in progress not be depreciated.

CITY OF HARTFORD, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued  
For the Year Ended June 30, 2009

---

Context:

Systemic in nature.

Cause:

The City converted to the MUNIS capital asset system during the year, and amounts were not timely reconciled and depreciated.

Effect:

Capital asset transactions may not be reported in accordance with generally accepted accounting principles.

Recommendation:

Policies and procedures should be fully implemented that will provide guidance on the standard reports and reconciliations that should be prepared throughout the year and annually.

**SDIC09-4.** Criteria:

The Board of Education should have formal uniform policies and procedures for Student Activity funds held at various schools throughout the City.

Condition:

It was noted that there are no formal policies and procedures for Student Activity funds, in relation to the use of funds, documentation of collections, the approval process and the timely completion of bank reconciliations.

Context:

Systemic in nature.

Cause:

The Student Activity funds' bank reconciliations are not performed timely, and they do not follow proper internal control procedures.

CITY OF HARTFORD, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued  
For the Year Ended June 30, 2009

---

Effect:

Bank reconciliations were not timely performed, proper approvals were not obtained, and improper items could be purchased.

Recommendation:

We recommend the Board of Education implement the procedures they have written to improve the internal controls over the student activity funds.

**SDIC09-5    Accounting System**

Criteria:

All funds should be maintained on the general ledger accounting software system.

Condition:

The Board of Education does not maintain its school lunch fund on their accounting software system.

Context:

Systemic in nature.

Cause:

The accounts are maintained off the system.

Effect:

To ensure proper recording of amounts in accordance with generally accepted accounting principles.

Recommendation:

All funds should be maintained on the general ledger accounting system to maintain accurate and timely financial reporting. This will also allow the City to better track projects and expenditures.

**B.    Compliance Findings**

None reported.

**CITY OF HARTFORD, CONNECTICUT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued**  
**For the Year Ended June 30, 2009**

---

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**A. Internal Control**

None reported.

**B. Compliance Findings**

None reported.

**CITY OF HARTFORD, CONNECTICUT  
SUMMARY OF PRIOR YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2009**

2008-2. Repeated as SDIC09-1  
2008-3. Not Repeated  
2008-4. Repeated as SDIC09-2



# McGladrey & Pullen

Certified Public Accountants

## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Members  
of the Court of Common Council  
City of Hartford, Connecticut

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Hartford, Connecticut, as of and for the year ended June 30, 2009, which collectively comprise the City of Hartford, Connecticut's basic financial statements, and have issued our report thereon dated February 25, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards" issued by the Comptroller General of the United States.

### **INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit, we considered the City of Hartford, Connecticut's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Hartford, Connecticut's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Hartford, Connecticut's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Hartford, Connecticut's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting (SDIC09-1 through SDIC09-5).

A material weakness is a significant deficiency or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Hartford, Connecticut's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider items SDIC09-1 and SDIC09-2 to be material weaknesses.

### **COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether the City of Hartford, Connecticut's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under "Government Auditing Standards."

We also noted certain matters that we reported to the management of the City of Hartford, Connecticut in a separate letter dated February 25, 2010.

This report is intended solely for the information and use of the management, the Mayor and Members of the Court of Common Council, the Board of Education and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*McGladrey & Pullen, LLP*

New Haven, Connecticut  
February 25, 2010

# McGladrey & Pullen

Certified Public Accountants

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE STATE SINGLE AUDIT ACT AND ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**

To the Honorable Mayor and Members  
of the Court of Common Council  
City of Hartford, Connecticut

### **COMPLIANCE**

We have audited the compliance of the City of Hartford, Connecticut with the types of compliance requirements described in the Office of Policy and Management Compliance Supplement that are applicable to each of its major state programs for the year ended June 30, 2009. The major state programs are identified in the summary of audit results section of the accompanying schedule of state single audit findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the City of Hartford, Connecticut's management. Our responsibility is to express an opinion on compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the City of Hartford, Connecticut's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Hartford, Connecticut's compliance with those requirements.

In our opinion, the City of Hartford, Connecticut complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2009.

## **INTERNAL CONTROL OVER COMPLIANCE**

The management of the City of Hartford, Connecticut is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Hartford, Connecticut's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a state program such that there is more than a remote likelihood that non-compliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency or a combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected by the City's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

## **SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hartford, Connecticut as of and for the year ended June 30, 2009, and have issued our report thereon dated February 25, 2010. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Hartford's basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the management, the Mayor and Members of the Court of Common Council, the Board of Education and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*McGladrey & Pullen, LLP*

New Haven, Connecticut  
February 25, 2010

## CITY OF HARTFORD, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
For the Year Ended June 30, 2009

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
<b>OFFICE OF POLICY AND MANAGEMENT:</b>		
Property Tax Disability Exemption	11000-OPM20600-17011	\$ 8,684
Property Tax Relief on Exempt Property of Manufacturing Facilities in Distressed Municipalities	11000-OPM20600-17016	88,215
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	337,354
Property Tax Relief for Elderly Homeowners - Freeze Program	11000-OPM20600-17021	4,686
Property Tax Relief for Veterans	11000-OPM20600-17024	60,276
Property Tax Relief for Manufacturing, Machinery, Equipment and Commercial Vehicles	11000-OPM20600-17031	1,433,897
Urban Crime & Improvement Safety Grant	11000-OPM20600	70,000
Quality of Life Initiative	11000-OPM20600	74,468
Local Capital Improvement Program	12050-OPM20600-40254	1,359,954
Contingency Needs	11000-OPM20100-12336	100,000
Heating Assistance - Schools	11000-OPM20600-17096	267,027
<b>Total Office of Policy and Management</b>		<b>3,804,561</b>
<b>DEPARTMENT OF EDUCATION:</b>		
Child Nutrition Program-State Match	11000-SDE64000-16072-82051	160,737
Family Resource Center	11000-SDE64000-16110	486,000
Adult Education	11000-SDE64000-17030	2,276,992
Health Services	11000-SDE64000-17034	55,721
Bilingual Education	11000-SDE64000-17042	353,863
Priority School Districts	11000-SDE64000-17043-82052	6,333,923
Extended School Hours	11000-SDE64000-17043-82054	392,349
Summer School Accountability Grant	11000-SDE64000-17043-82055	459,485
Young Parents Program	11000-SDE64000-17044	16,381
Interdistrict Cooperative Grant	11000-SDE64000-17045	653,483
School Breakfast Program	11000-SDE64000-17046	180,298
Youth Services Bureau	11000-SDE64000-17052	160,548
You Services Bureau-Enhancement	11000-SDE64370-16201	10,000
Open Choice	11000-SDE64000-17053	2,500
Magnet Schools	11000-SDE64000-17057	19,794,400
Adult Education - Young Adult Learner	11000-SDE64000-17091	70,000
School Readiness Quality Enhancement	12060-SDE64000-90242	189,333
Preschool Quality Rating System	11000-SDE64370-12454	30,000
Sheff Settlement	11000-SDE64370-12457	1,100,000
Healthy Food Grant	11000-SDE64370-16072-82010	354,640
Magnet School Transportation	11000-SDE64370-17057-82061	2,705,300
Summer Lunch	11000-SDE64370-	393,202
Interdistrict Magnet School Capital Start-up Costs	12052-SDE64370-43425	220,800
<b>Total Department of Education</b>		<b>36,399,955</b>

(Continued)

## CITY OF HARTFORD, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, Continued  
For the Year Ended June 30, 2009

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
DEPARTMENT OF TRANSPORTATION:		
Town Aid Road Grants	12001-DOT57131-17036	612,526
Bus/Rail Improvements	13033-DOT57124-41390	253,824
Comprehensive DUI Enforcement	N/A	235,670
Operations - Safe the Streets	N/A	27,600
Aggressive Driving Enforcement	N/A	37,912
TSB Projects	12062-DOT57391-35304	73,408
		<u>1,240,940</u>
EDUCATION AND SERVICES FOR THE BLIND:		
Services for the Blind	11000-ESB65020-12060	<u>256,528</u>
DEPARTMENT OF CHILDREN AND FAMILIES:		
Prevention of Treatment of Child Abuse	11000-DCF91110-16064	<u>53,352</u>
CHILDRENS TRUST FUND:		
Community-Based Child Abuse and Neglect Program	11000-CTF94000-12042	<u>310,559</u>
STATE COMPTROLLER:		
Mashantucket Pequot/Mohegan Fund	12009-OSC15910-17005	9,843,069
PILOT on State Owned Property	11000-OSC15910-17004	10,798,423
Payment in Lieu of Taxes (PILOT) on Private Colleges and General/Chronic Disease Hospitals	11000-OSC15910-17006	23,719,199
Boat Grant	12027-OSC15910-40211	12,768
Total State Comptroller		<u>44,373,459</u>
JUDICIAL DEPARTMENT:		
Building Bridges	11000-JUD96114-12043-057	534,711
Alternative to Juvenile Detention	11000-JUD96114-12105-017	165,589
		<u>700,300</u>
CONNECTICUT STATE LIBRARY:		
Historic Documents Preservation Grant	12060-CSL66094-35150	<u>48,510</u>
DEPARTMENT OF SOCIAL SERVICES:		
Child Day Care	11000-DSS60794-47002	859,328
Health Start	11000-DSS60521-41002	460,837
Housing/Homeless Services	11000-DSS60783-17038	661,290
Total Department of Social Services		<u>1,981,455</u>

(Continued)

## CITY OF HARTFORD, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, Continued  
For the Year Ended June 30, 2009

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
<b>DEPARTMENT OF REVENUE SERVICES:</b>		
Payments to Municipalities	34004-DSR18307-40001	324,054
Payments to Municipalities-Bingo	34003-DSR18309-42350	149
<b>Total Department of Emergency Homeland Security</b>		<u>324,203</u>
<b>DEPARTMENT OF ENVIRONMENTAL PROTECTION</b>		
Community and Conservation	13019-DEP43153-41239	<u>15,262</u>
<b>DEPARTMENT OF PUBLIC HEALTH:</b>		
Lead Poisoning Prevention Program	11000-DPH48500-12227	19,985
AIDS Services	11000-DPH48500-12236	1,060,809
Tuberculosis Control and Prevention	11000-DPH48666-16112	138,314
Local and District Departments of Health	11000-DPH48500-17009	162,503
Sexually Transmitted Disease Control	11000-DPH48500-17013	104,058
School-Based Health Clinics	11000-DPH48500-17019	920,151
<b>Total Department of Public Health</b>		<u>2,405,820</u>
<b>DEPARTMENT OF PUBLIC SAFETY:</b>		
Telecommunications Fund	12060-DPS32740-35190	653,446
State Assets Forfeiture Revolving Fund	12060-DPS32155-35142	189,855
Public Safety Training Grant	N/A	3,473
911 Enhancement Grant	N/A	242,826
<b>Total Department of Public Safety</b>		<u>1,089,600</u>
<b>DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT:</b>		
Tax Abatement Program	11000-ECD46400-17008	512,394
Payment in Lieu of Taxes (PILOT)	11000-ECD46400-17012-039	374,913
Demolition & Redevelopment	12059-ECD46050-40577	1,076,639
Urban Action Program - Veeder Place FD4036	13019-ECD46350-41240	40,326
Economic Assistance Bond Fund	12034-ECD46200-40221	25,500
		<u>2,029,772</u>
<b>TOTAL STATE FINANCIAL ASSISTANCE BEFORE EXEMPT PROGRAMS</b>		<u>95,034,276</u>

(Continued)



## CITY OF HARTFORD, CONNECTICUT

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, Continued**  
**For the Year Ended June 30, 2009**

<b>State Grantor/Pass-Through Grantor/Program Title</b>	<b>State Grant Program CORE-CT Number</b>	<b>Expenditures</b>
<b>EXEMPT PROGRAMS</b>		
Public School Transportation	11000-SDE64000-17027	3,173,371
Education Cost Sharing	11000-SDE64000-17041	185,563,034
ECS-Accountability Priorities	11000-SDE64000-17041-82079	1,584,463
Excess Cost - Student Based	11000-SDE64000-17047	9,810,568
Non-Public School Transportation	11000-SDE64000-17049	37,775
School Construction - Interest	13009-SDE64000-40896	771,233
School Construction - Progress Payment	13009-SDE64000-40901	71,627,901
School Construction - Principal	13010-SDE6400-40901	2,318,391
<b>Total Exempt Programs</b>		<u>274,886,736</u>
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>		<u><u>\$ 369,921,012</u></u>

CITY OF HARTFORD, CONNECTICUT

NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
For the Year Ended June 30, 2009

---

Various departments and agencies of the State of Connecticut have provided financial assistance to the City of Hartford through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. The financial assistance programs fund several programs including education, public works, social services, property tax relief and public safety.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the City of Hartford, Connecticut conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies relating to the aforementioned grant programs.

***Basis of Accounting***

The financial statements contained in the City of Hartford's basic financial statements are prepared on the modified accrual basis of accounting.

The Schedule of Expenditures of State Financial Assistance, contained in this report, is also prepared based on the modified accrual basis of accounting and on regulations established by the State of Connecticut Office of Policy and Management. In accordance with these regulations (Section 4-236-22), certain grants are not dependent on expenditure activity and, accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

As a result, certain classifications of revenue and expenditures under accounting principles generally accepted in the United States of America differ from classifications utilized for the Schedule of Expenditures of State Financial Assistance.

**2. LOAN PROGRAMS**

In accordance with Section 426-23(a)4(f) of the regulations to the State Single Audit Act, the notes to the Expenditures of State Financial Assistance shall include loans and loan activities. The following is a summary of the various loan program activity for the year ended June 30, 2009:

***Department of Environmental Protection***

**Clean Water Fund Notes Payable**

Balance July 1, 2008		Issued		Retired		Balance June 30, 2009
\$	1,825,000	\$	-	\$	80,000	\$ 1,745,000

CITY OF HARTFORD, CONNECTICUT

SCHEDULE OF STATE SINGLE AUDIT FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2009

---

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

**Financial Statements**

Type of auditor's report issued: unqualified.

Internal control over financial reporting:

- ◆ Material weakness(es) identified?   X   Yes        No
- ◆ Significant deficiency(ies) identified that are not considered to be material weaknesses?   X   Yes        None reported
- ◆ Noncompliance material to financial statements noted?        Yes   X   No

**State Financial Assistance**

Internal control over major programs:

- ◆ Material weakness(es) identified?        Yes   X   No
- ◆ Significant deficiency(ies) identified that are not considered to be material weaknesses?        Yes   X   None reported

Type of auditor's report issued on compliance for major programs: unqualified.

- ◆ Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act?        Yes   X   No

# CITY OF HARTFORD, CONNECTICUT

## SCHEDULE OF STATE SINGLE AUDIT FINDINGS AND QUESTIONED COSTS, Continued For the Year Ended June 30, 2009

- ◆ The following reflects major state programs included in the audit:

State Grantor and Program	CORE-CT Number	Expenditures
<b>Department of Education</b>		
Adult Education	11000-SDE64000-17030	\$ 2,276,992
Priority School Districts	11000-SDE64000-17043-82052	6,333,923
Magnet Schools	11000-SDE64000-17057	19,794,400
Sheff Settlement	11000-SDE64370-12457	1,100,000
Magnet School Transportation	11000-SDE64370-17057-82061	2,705,300
<b>Office of Policy and Management</b>		
Property Tax Relief for Manufacturing, Machinery, Equipment and Commercial Vehicles	11000-OPM20600-17031	1,433,897
Local Capital Improvement Program	12050-OPM20600-40254	1,359,954
<b>State Comptroller</b>		
PILOT on State Owned Property	11000-OSC15910-17004	10,798,423
Mashantucket Pequot/Mohegan Fund	12009-OSC15910-17005	9,843,069
Payment in Lieu of Taxes (PILOT) on Private Colleges and General/Chronic Disease Hospitals	11000-OSC15910-17006	23,719,199
<b>Department of Public Health</b>		
AIDS Services	11000-DPH48500-12236	1,060,809
<b>Department of Economic and Community Development</b>		
Demolition and Redevelopment	12059-ECD46050-40577	1,076,639

## II. FINANCIAL STATEMENT FINDINGS

- ◆ We issued reports, dated February 25, 2010, on internal control over financial reporting and compliance and other matters based on an audit of basic financial statements performed in accordance with the standards applicable to financial audits contained in "Government Auditing Standards."
- ◆ Our report on compliance indicated no reportable instances of noncompliance.
- ◆ Our report on internal control over financial reporting indicated two matters that we consider to be material weaknesses and three matters that we consider to be significant deficiencies.

## III. FINDINGS AND QUESTIONED COSTS FOR STATE FINANCIAL ASSISTANCE

No findings or questioned costs are reported relating to state financial assistance programs.

## IV. PRIOR YEAR STATE AUDIT FINDINGS

There were no findings or questioned costs in the prior year.